

2010 Year in Review

Holidays 2010

The end of 2010 is upon us. It will be interesting to look back ten years from now to see how history views this year. It was certainly a momentous one, as were the two previous. At the brink of global economic meltdown, massive efforts by governments around the world kept us from falling into the economic abyss.

Trillions of dollars were either taken from sovereign savings accounts (China), or borrowed and printed (U.S., E.U. and Japan) to drench the raging fire burning down our global economic village. Reflecting on the last year, we should not be surprised the world seems a bit better. Maybe not ideal, but it certainly seems an improvement from the edge of disaster we teetered upon for several months in 2008 and 2009.

From the Armchair perspective 2010's fragile recovery, which may carry into 2011, is easily understood given the "shock and awe" of sovereign effort. But I can't shake the idea that these are very different times, not so easy to understand or manage. And I can't shake the belief that we should still expect the unexpected, the unprecedented, the Black Swans. The culprit behind this Armchair insecurity - technology's massive growth over the last twenty-five years. It has, and continues to radically change our world.

At no time in the history of humankind has global communication been this inexpensive. At no time have citizens from all over the world interacted with each other to such degree. At no time has virtually all the information we have created been instantaneously available to the literate world. At no time has our world even been so literate. At no time has global trade been so pervasive, dynamic and required. At no time have countries and citizens been so interconnected and interdependent. And it may seem hard to fathom, but there are few times in history when the world has been this peaceful.

All the above is the by-product of technology's growth over the last twenty-five years. Technology has taken a disparate group of people, sprung from millennia of cultural evolution, and shoved us all together. The global village grows larger and yet more intimate daily.

Our world has benefited enormously from the ability to increase productivity in virtually every part of life. It has brought peace, opportunity and prosperity to an enormous number of global citizens. The Land of Opportunity now exists all over the world. Never has humankind's future seemed so bright.

But as written in the last Armchair musing, there is no action without reaction, no production without waste, none of Joseph Schumpeter's creative destruction without having to deal with some form of calamity.

Technology's advance is empowering the Emerging Markets while at the same time threatening the Mature Economies. Therein lies the ying and yang we live with, the no perfect world, the realization that prosperity is not perpetual, and that for all our knowledge and power, the economy is evolutionary.

No greater Land of Opportunity would seem available than in the Emerging Markets, where prosperity is now within the grasp of billions. For us in the Mature Economies, we remain on the edge, over indebted, with massive and sticky fixed costs, while our legacy infrastructures are under attack by both technology and the competitive market's relentless drive to increase productivity.

Musing about this historical transition is a humbling and daunting task. Given the volume and plethora of knowledge and knowledge providers, the challenge to pass on insightful, intuitive, relevant and valuable perspectives feels enormous.

Each month seems to present another monumental issue to interpret and project into our rapidly changing and fragile world. Fragility itself is a by-product of change, as change by its very nature threatens legacy infrastructures. The more massive and rapid the change, the bigger the threat to those legacy infrastructures, that support the lifestyles to which we have become accustomed.

Every forest fire produces fertile ground for the next forest. This is a fact of Mother Nature. It is Mother Nature's own creative destruction.

From the Armchair perspective, we are living through an enormous economic forest fire. Technology is the fuel, igniting destruction and rearranging our economic, political and social landscape. The sovereign fire fighters are working over time to save their legacy forests. Only time will tell the future landscape, for Mother Nature, whether physical or social, is a force over which humans have little control. It is why free markets are the most natural and productive in social and economic evolution.

No matter our individual outcomes – whether the EU stays together, whether no one or everyone defaults on their sovereign debt, whether new sovereign nations emerge and old ones die – progress will continue. We have entered a technological age where progress begets further progress, and at an exponential rate.

Our near term future will soon be full of many more amazing opportunities that even at close proximity we cannot imagine. The technology genie is out of the bottle, Pandora's Box has been opened. Technology will continue to bless as well as challenge us. And the [Technology Hangover](#) will continue to remind us there is no significant progress without unexpected consequence.

For those who missed any 2010 Armchair musings, below is a link to the Archives.

[Armchair Archives](#)

A quick review of each month in 2010...

January: Out On A Limb - Stepping out and predicting what I see for 2010, plus some take aways from 2009.

February: The Butterfly Effect - That little Greek butterfly is flapping its wings madly.

March: The Melancholy Economy - Things sound like they are getting better, but do they feel better?

April: The Good, The Bad and The Ugly - Like Clint Eastwood in this Spaghetti Western, will the US find its treasure?

May: The Lemmings Within - Why can't we rid ourselves of the economic cycle?

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June: The Circle of Manipulation - Do great personal value systems inspire prosperity, or is it prosperity that inspires great personal values?

July: It's All About Employment - Why can't we seem to inspire job growth?

August: The Infrastructural Correction - No way we're about to have a double dip because we're still in the Big Dip.

September: The Velocity of Change - Why does the pace of change today seem so dramatic?

October: The Elephant Running Amok - Want to see GDP analyzed in a new and revealing way?

November: The Schizophrenic Nation - Why have voters and the Fed so quickly changed their minds on our direction?

December: Tug of War - It was fun when we were children, but doesn't seem quite as fun today.

I hope 2010 proved to be a year of pleasant surprise. Expect that it did for most, but perhaps not for all. For those still struggling, may the ying of good fortune soon fall in your lap. We all certainly hope for a fruitful 2011, but if there is any lesson to have learned from the last few years it is not to take anything for granted.

Life is a 162 game season. The goal is to be in first place at the end of the season. Strive to improve every day. Be patient and persistent. Do good things.

A Hippy Happy Holiday Season to all!



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